

**Roosevelt City Corporation**  
**Duchesne County, Utah**

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2006

Roosevelt City Corporation  
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June 30, 2006

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# AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

Members of  
AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS  
and  
UTAH ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditors' Report

Roosevelt City Corporation  
Roosevelt, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Roosevelt City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City as of June 30, 2006, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2007 on our consideration of the Roosevelt City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the schedule of infrastructure, see Table of Contents for pages, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Roosevelt City's financial statements. The individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

**Aycock, Miles & Associates, CPAs**

February 22, 2007

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Roosevelt City Corporation  
Management's Discussion and Analysis  
June 30, 2006

As management of Roosevelt City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2006.

**FINANCIAL HIGHLIGHTS**

- \*Total net assets for the City as a whole increased by \$2,046,191.
- \*Total unrestricted net assets for the City as a whole increased by \$308,847.
- \*Total net assets for governmental activities increased by \$1,482,190.
- \*Total net assets for business-type activities increased by \$564,002.

**BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Roosevelt City Corporation. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2006

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City's general fund and capital projects fund are reported as major governmental funds.

The City adopts an annual appropriated budget for its general and capital project funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, and garbage utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.



Roosevelt City Corporation  
Management's Discussion and Analysis  
June 30, 2006

**FINANCIAL ANALYSIS**

**Roosevelt City Corporation's Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Current Year</u>	<u>Total Previous Year</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>		
Current and other assets	\$3,197,665	2,635,011	1,082,226	998,230	4,279,891	3,633,241
Capital assets	<u>9,400,082</u>	<u>8,355,612</u>	<u>10,857,833</u>	<u>9,134,276</u>	<u>20,257,915</u>	<u>17,489,887</u>
<b>Total assets</b>	<b><u>12,597,747</u></b>	<b><u>10,990,622</u></b>	<b><u>11,940,059</u></b>	<b><u>10,132,506</u></b>	<b><u>24,537,806</u></b>	<b><u>21,123,128</u></b>
Long-term liabilities	1,419,000	1,540,000	3,444,646	2,207,506	4,863,646	3,747,506
Other liabilities	<u>1,077,730</u>	<u>831,794</u>	<u>117,116</u>	<u>110,705</u>	<u>1,194,846</u>	<u>942,499</u>
<b>Total liabilities</b>	<b><u>2,496,730</u></b>	<b><u>2,371,794</u></b>	<b><u>3,561,762</u></b>	<b><u>2,318,211</u></b>	<b><u>6,058,491</u></b>	<b><u>4,690,005</u></b>
Net assets:						
Invested in capital assets, net of debt	7,981,082	6,815,612	7,413,187	6,926,770	15,394,269	13,742,381
Restricted	600,037	530,044	377,218	361,754	977,255	891,798
Unrestricted	<u>1,519,899</u>	<u>1,273,172</u>	<u>587,892</u>	<u>525,772</u>	<u>2,107,791</u>	<u>1,798,944</u>
<b>Total net assets</b>	<b><u>\$10,101,018</u></b>	<b><u>8,618,828</u></b>	<b><u>8,378,297</u></b>	<b><u>7,814,295</u></b>	<b><u>18,479,315</u></b>	<b><u>16,433,123</u></b>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$18,479,315, an increase from the previous year of \$2,046,191. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$2,107,791, which represents an increase of \$308,847 from the previous year. Unrestricted net assets are those available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other assets due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Roosevelt City Corporation  
Management's Discussion and Analysis  
June 30, 2006

**FINANCIAL ANALYSIS (continued)**

**Roosevelt City Corporation's Changes in Net Assets:**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
<b>Program revenues:</b>						
Charges for services	\$ 688,154	661,172	2,397,355	2,177,284	3,085,509	2,838,455
Operating grants	201,062	171,512	-	-	201,062	171,512
Capital grants	814,026	268,579	374,258	-	1,188,284	268,579
<b>General revenues:</b>						
Property taxes	599,178	601,245	-	-	599,178	601,245
Sales taxes	1,715,974	1,291,787	-	-	1,715,974	1,291,787
Franchise taxes	495,880	406,783	-	-	495,880	406,783
Other revenues	<u>273,484</u>	<u>134,718</u>	<u>27,839</u>	<u>5,192</u>	<u>301,323</u>	<u>139,910</u>
<b>Total revenues</b>	<b><u>4,787,758</u></b>	<b><u>3,535,795</u></b>	<b><u>2,799,452</u></b>	<b><u>2,182,476</u></b>	<b><u>7,587,211</u></b>	<b><u>5,718,271</u></b>
<b>Expenses:</b>						
General government	625,308	558,364	-	-	625,308	558,364
Public safety	1,156,076	1,037,321	-	-	1,156,076	1,037,321
Streets and highways	732,686	524,915	-	-	732,686	524,915
Parks and recreation	941,814	846,896	-	-	941,814	846,896
Interest on long-term debt	21,685	34,778	-	-	21,685	34,778
Water	-	-	1,199,063	1,087,779	1,199,063	1,087,779
Sewer	-	-	334,534	286,148	334,534	286,148
Garbage	-	-	<u>529,854</u>	<u>454,645</u>	<u>529,854</u>	<u>454,645</u>
<b>Total expenses</b>	<b><u>3,477,568</u></b>	<b><u>3,002,275</u></b>	<b><u>2,063,451</u></b>	<b><u>1,828,572</u></b>	<b><u>5,541,019</u></b>	<b><u>4,830,847</u></b>
<b>Excess (deficiency) before transfers</b>	<b><u>1,310,190</u></b>	<b><u>533,521</u></b>	<b><u>736,002</u></b>	<b><u>353,904</u></b>	<b><u>2,046,191</u></b>	<b><u>887,425</u></b>
Transfers	<u>172,000</u>	<u>172,000</u>	<u>(172,000)</u>	<u>(172,000)</u>	-	-
<b>Increase (decrease) in net assets</b>	<b><u>\$1,482,190</u></b>	<b><u>705,521</u></b>	<b><u>564,002</u></b>	<b><u>181,904</u></b>	<b><u>2,046,191</u></b>	<b><u>887,425</u></b>

Total revenues increased by \$1,868,939, while total expenses increased by \$710,173. The total net increase for the year of \$2,046,191 is an increase from the previous year of \$1,158,767.

Governmental activities revenues of \$4,787,758 is an increase of \$1,251,963 from the previous year. This increase is attributed to capital grants from CIB for the Water/Sewer system improvements and a 28% increase in sales tax revenue. Governmental activities expenses of \$3,477,568 is an increase of \$475,294 from the previous year. Approximately 15% of this increase is due to wage adjustments throughout all departments. The City also completed road reconstruction at 500 East and 500 North which accounted for \$210,000. Lastly, the parks and recreation department had three significant items; 1- replaced lighting at the softball fields, 2- began construction on a new soccer field, and 3- acquisition of a new fleet of golf cars. The total for the three projects was approximately \$197,400.

Business-type activities revenue of \$2,799,452 is an increase of \$616,976 from the previous year. A boost in water sales and customer installations for both water and sewer strengthened revenues in 05-06. Business-type activities expenses of \$2,063,451 is an increase of \$234,879 from the previous year. An increase in supplies expenses and wage adjustments account for this difference.

Roosevelt City Corporation  
Management's Discussion and Analysis  
June 30, 2006

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

Some of the more significant changes in fund balances and fund net assets and any restrictions on those amounts is described below:

*General Fund*

The general fund balance of \$1,531,380 reflects an increase of \$253,443 from the previous year's balance. Total revenues increased by \$601,840. Tax revenues, including property taxes and sales taxes changed by \$496,217. Intergovernmental revenues increased by \$29,550. All other revenues, excluding transfers, increased by \$76,073.

Total expenditures increased by \$771,392. Expenditure changes, by department, excluding capital outlay: administrative increased by \$67,092, public safety (fire, police, and animal control) increased by \$121,808, streets and highways increased by \$208,299, and parks and recreation increased by \$175,841. Total expenditure for capital outlay for all departments was \$223,077.

Transfers into the fund of \$102,000 decreased by \$6,800 over the previous year.

Net assets restricted for class C roads to \$136,054.

*Water Fund*

Net increase before transfers and contributions was \$199,778. Net assets restricted for debt service amount to \$368,893. Unrestricted net assets is a deficit in the amount of \$309,896.

*Sewer Fund*

Net increase before transfers and contributions was \$163,881. Net assets restricted for debt service amount to \$8,325. Unrestricted net assets amount to \$899,791.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$2,670,542. This amount was changed in the final budget to \$3,418,646.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$2,778,350. This amount was amended in the final budget to \$3,533,100.

Net transfers for the year were originally budgeted in the amount of \$23,954. The final net transfer budget was a transfer out of \$229,511.

Roosevelt City Corporation  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Roosevelt City Corporation's Capital Assets (net of depreciation):**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Prior Year</u>
<b>Net Capital Assets:</b>						
Land and water rights	\$ 476,389	476,389	1,668,831	1,682,585	2,145,220	2,158,974
Buildings	2,510,120	2,534,157	-	-	2,510,120	2,534,157
Improvements other than buildings	1,798,712	1,791,070	282,816	297,594	2,081,528	2,088,664
Equipment	1,134,039	900,057	254,369	289,866	1,388,409	1,189,923
Infrastructure	2,310,262	1,756,626	7,208,675	6,615,211	9,518,937	8,371,837
Work in progress	<u>1,170,559</u>	<u>897,312</u>	<u>1,446,939</u>	<u>249,020</u>	<u>2,617,498</u>	<u>1,146,332</u>
<b>Totals</b>	<b><u>\$9,400,082</u></b>	<b><u>8,355,612</u></b>	<b><u>10,861,630</u></b>	<b><u>9,134,276</u></b>	<b><u>20,261,712</u></b>	<b><u>17,489,887</u></b>

The total amount of capital assets, net of depreciation, of \$20,261,712 is an increase of \$2,771,825 from the previous year.

Governmental activities capital assets, net of depreciation, of \$9,400,082 is an increase of \$1,044,470 from the previous year. The enhancements are in two categories. The first is the completion of streets and sidewalk project. Second are two land acquisition transactions, 1- in the southeast section of the city (also includes water shares) and 2- additional acreage adjacent to the old city park.

Business-type activities capital assets, net of depreciation, of \$10,861,630 is an increase of \$1,727,355 from the previous year. This increase is attributed to water and sewer systems improvements associated with the 2005A and B Water/Sewer bonds and CIB grants. The projects included but are not limited to the following, 1- New public works building, 2- 200 North waterline replacement, 3- New Vacuum-Jetting truck, 4- Airport Industrial Park Water and Sewer Extension, and 5- US 40 HWY Water and Sewer Crossing.

Additional information regarding capital assets may be found in the notes to financial statements.

Roosevelt City Corporation  
Management's Discussion and Analysis  
June 30, 2006

**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Roosevelt City Corporation's Outstanding Debt - Revenue Bonds**

	Current <u>Year</u>	Previous <u>Year</u>
Governmental activities:		
PCIB Bldg complex 1992A	\$ 534,000	584,000
PCIB Bldg complex 1992B	200,000	225,000
PCIB Back-nine 1992	65,000	71,000
Golf clubhouse 2001	460,000	480,000
PCIB Mainstreet 2004	<u>160,000</u>	<u>180,000</u>
<b>Total governmental</b>	<b><u>1,419,000</u></b>	<b><u>1,540,000</u></b>
Business-type activities:		
Water fund:		
Water & Sewer 1994D	407,121	498,516
Water & Sewer 1994E	37,000	46,000
Water & Sewer 1994F	24,000	30,000
Water & Sewer 1999A	617,000	651,000
Water & Sewer 1999B	164,000	175,000
Water & Sewer 2000	564,000	595,000
Water & Sewer 2000A	63,000	66,000
Water 2005A	970,000	-
Sewer fund:		
Sewer Southwest 2002	144,525	145,990
Sewer 2005B	300,000	-
Sewer 2006	<u>154,000</u>	<u>-</u>
<b>Total business-type</b>	<b><u>3,444,646</u></b>	<b><u>2,207,506</u></b>
<b>Total outstanding debt</b>	<b><u>\$4,863,646</u></b>	<b><u>3,747,506</u></b>

Principal was paid on governmental obligations in the amount of \$121,000. Principal for business-type obligations increased by \$1,237,140.

Additional information regarding the long-term liabilities may be found in the notes the financial statements.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Roosevelt City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder, 255 South State Street, Roosevelt, Utah, 84066.

**BASIC FINANCIAL STATEMENTS**

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Roosevelt City Corporation  
**STATEMENT OF NET ASSETS**  
June 30, 2006

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,478,578	293,891	1,772,469
Accounts receivable	1,024,271	321,566	1,345,837
Other assets	<u>31,663</u>	<u>33,444</u>	<u>65,107</u>
Total current assets	<u>2,534,512</u>	<u>648,901</u>	<u>3,183,414</u>
Non-current assets:			
Restricted cash and cash equivalents	663,153	420,590	1,083,743
Deferred bond issue costs	-	12,734	12,734
Capital assets:			
Not being depreciated	1,646,949	2,792,965	4,439,914
Net of accumulated depreciation	<u>7,753,133</u>	<u>8,064,867</u>	<u>15,818,000</u>
Total non-current assets	<u>10,063,235</u>	<u>11,291,157</u>	<u>21,354,392</u>
<b>Total assets</b>	<b><u>12,597,747</u></b>	<b><u>11,940,059</u></b>	<b><u>24,537,806</u></b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	416,970	-	416,970
Compensated absences	120,325	56,108	176,432
Customer security deposits	-	36,742	36,742
Deferred revenues	530,972	-	530,972
Accrued interest payable	9,463	24,266	33,729
Revenue bonds due within one year	<u>123,000</u>	<u>242,043</u>	<u>365,043</u>
Total current liabilities	<u>1,200,730</u>	<u>359,159</u>	<u>1,559,889</u>
Non-current liabilities:			
Revenue bonds due after one year	<u>1,296,000</u>	<u>3,202,603</u>	<u>4,498,603</u>
Total non-current liabilities	<u>1,296,000</u>	<u>3,202,603</u>	<u>4,498,603</u>
<b>Total liabilities</b>	<b><u>2,496,730</u></b>	<b><u>3,561,762</u></b>	<b><u>6,058,491</u></b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	7,981,082	7,413,187	15,394,269
Restricted:			
Class C roads	136,054	-	136,054
Capital projects	331,379	-	331,379
Debt service requirements	132,604	377,218	509,822
Unrestricted	<u>1,519,899</u>	<u>587,892</u>	<u>2,107,791</u>
<b>Total net assets</b>	<b><u>10,101,018</u></b>	<b><u>8,378,297</u></b>	<b><u>18,479,315</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$12,597,747</u></b>	<b><u>11,940,059</u></b>	<b><u>24,537,806</u></b>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2006

			Operating	Capital	Net
	Charges	Grants and	Grants and	Revenue	(Expense)
	Expenses for Services	Contributions	Contributions	(To Next Page)	
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
Administration	\$ 625,308	223,132	-	250,386	(151,790)
Police	982,197	3,895	10,654	1,600	(966,048)
Fire	122,012	23,217	-	6,000	(92,795)
Animal control	51,867	3,877	-	-	(47,990)
Streets and highways	628,099	-	190,408	118,419	(319,272)
Airport	104,587	47,026	-	356,871	299,311
Cemetery	90,774	24,700	-	-	(66,074)
Pool	97,570	66,017	-	-	(31,552)
Golf	480,018	270,545	-	-	(209,473)
Parks	233,156	1,229	-	80,750	(151,177)
Recreation	40,296	24,515	-	-	(15,781)
Interest on long-term debt	21,685	-	-	-	(21,685)
<b>Total governmental activities</b>	<b><u>3,477,568</u></b>	<b><u>688,154</u></b>	<b><u>201,062</u></b>	<b><u>814,026</u></b>	<b><u>(1,774,326)</u></b>
Business-type activities:					
Water	1,199,063	1,374,444	-	202,962	378,343
Sewer	334,534	494,973	-	171,296	331,734
Garbage	529,854	527,938	-	-	(1,915)
<b>Total business-type activities</b>	<b><u>2,063,451</u></b>	<b><u>2,397,355</u></b>	<b><u>-</u></b>	<b><u>374,258</u></b>	<b><u>708,162</u></b>
<b>Total primary government</b>	<b><u>\$5,541,019</u></b>	<b><u>3,085,509</u></b>	<b><u>201,062</u></b>	<b><u>1,188,284</u></b>	<b><u>(1,066,163)</u></b>

(Continued on next page)

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2006

	Governmental Activities	Business-type Activities	Total
<b>CHANGE IN NET ASSETS:</b>			
Net (expense) revenue (from previous page)	<u><b>\$(1,774,326)</b></u>	<u><b>708,162</b></u>	<u><b>(1,066,163)</b></u>
<b>General revenues:</b>			
Property taxes	599,178	-	599,178
Sales taxes	1,715,974	-	1,715,974
Franchise taxes	495,880	-	495,880
Unrestricted investment earnings	72,163	27,839	100,002
Miscellaneous	<u>201,321</u>	<u>-</u>	<u>201,321</u>
<b>Total general revenues</b>	<u><b>3,084,515</b></u>	<u><b>27,839</b></u>	<u><b>3,112,355</b></u>
Transfers	<u>172,000</u>	<u>(172,000)</u>	<u>-</u>
<b>Total general revenues and transfers</b>	<u><b>3,256,515</b></u>	<u><b>(144,161)</b></u>	<u><b>3,112,355</b></u>
<b>Change in net assets</b>	<u><b>1,482,190</b></u>	<u><b>564,002</b></u>	<u><b>2,046,191</b></u>
Net assets - beginning	<u>8,618,828</u>	<u>7,814,295</u>	<u>16,433,123</u>
<b>Net assets - ending</b>	<u><b>\$10,101,018</b></u>	<u><b>8,378,297</b></u>	<u><b>18,479,315</b></u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2006

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$1,295,772	-	182,806	1,478,578
Receivables:				
Property taxes	490,325	-	35,000	525,325
Due from other governments	364,895	-	-	364,895
Due from other funds	71,311	-	-	71,311
Other receivables	134,051	-	-	134,051
Other assets	30,495	-	-	30,495
Restricted cash and cash equivalents	<u>136,054</u>	<u>394,495</u>	<u>132,604</u>	<u>663,153</u>
<b>TOTAL ASSETS</b>	<b><u>2,522,903</u></b>	<b><u>394,495</u></b>	<b><u>350,410</u></b>	<b><u>3,267,808</u></b>
<b>LIABILITIES:</b>				
Accounts payable	353,254	63,116	-	416,370
Compensated absences	113,528	-	-	113,528
Due to other funds	-	-	16,000	16,000
Deferred revenues	<u>524,741</u>	<u>-</u>	<u>35,000</u>	<u>559,741</u>
<b>TOTAL LIABILITIES</b>	<b><u>991,523</u></b>	<b><u>63,116</u></b>	<b><u>51,000</u></b>	<b><u>1,105,639</u></b>
<b>FUND BALANCES:</b>				
Reserved for:				
B&C roads	136,054	-	-	136,054
Capital projects	-	331,379	-	331,379
Debt service	-	-	132,604	132,604
Unreserved, reported in:				
General fund	1,395,326	-	-	1,395,326
Debt service	-	-	176,825	176,825
Other special revenue	-	-	5,981	5,981
Redevelopment agency	<u>-</u>	<u>-</u>	<u>(16,000)</u>	<u>(16,000)</u>
<b>TOTAL FUND BALANCES</b>	<b><u>1,531,380</u></b>	<b><u>331,379</u></b>	<b><u>299,411</u></b>	<b><u>2,162,170</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$2,522,903</u></b>	<b><u>394,495</u></b>	<b><u>350,410</u></b>	<b><u>3,267,808</u></b>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2006

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property	\$ 564,178	-	35,000	599,178
Sales	1,715,974	-	-	1,715,974
Franchise	495,880	-	-	495,880
Licenses and permits	98,870	-	-	98,870
Intergovernmental revenues	201,062	814,026	-	1,015,089
Charges for services	516,852	-	-	516,852
Fines and forfeitures	78,173	-	-	78,173
Interest	59,286	7,676	5,201	72,163
Miscellaneous revenue	<u>58,905</u>	<u>96,727</u>	<u>45,689</u>	<u>201,321</u>
<b>Total revenues</b>	<b><u>3,789,180</u></b>	<b><u>918,430</u></b>	<b><u>85,890</u></b>	<b><u>4,793,499</u></b>
<b>EXPENDITURES:</b>				
General government	581,533	-	13,714	595,247
Public safety	1,101,937	-	-	1,101,937
Highways and public improvements	531,355	-	-	531,355
Parks, recreation and public property	907,978	-	-	907,978
Capital outlay	223,077	1,079,402	-	1,302,479
Debt service:				
Principal	40,000	-	81,000	121,000
Interest	-	-	<u>22,570</u>	<u>22,570</u>
<b>Total expenditures</b>	<b><u>3,385,881</u></b>	<b><u>1,079,402</u></b>	<b><u>117,284</u></b>	<b><u>4,582,566</u></b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b><u>403,299</u></b>	<b><u>(160,972)</u></b>	<b><u>(31,394)</u></b>	<b><u>210,933</u></b>
<b>Other Financing Sources and (Uses):</b>				
Transfers in	102,000	247,465	70,000	419,465
Transfers (out)	<u>(247,465)</u>	<u>-</u>	<u>-</u>	<u>(247,465)</u>
<b>Total other financing sources and (uses)</b>	<b><u>(145,465)</u></b>	<b><u>247,465</u></b>	<b><u>70,000</u></b>	<b><u>172,000</u></b>
<b>Net Change in Fund Balances</b>	<b>257,834</b>	<b>86,493</b>	<b>38,606</b>	<b>382,933</b>
Fund balances - beginning of year	<u>1,273,546</u>	<u>244,886</u>	<u>260,805</u>	<u>1,779,237</u>
<b>Fund Balances - end of year</b>	<b><u>\$1,531,380</u></b>	<b><u>331,379</u></b>	<b><u>299,411</u></b>	<b><u>2,162,170</u></b>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**  
June 30, 2006

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ <u>2,162,170</u></b>
Total net assets reported for governmental activities in the statement are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	17,152,290
Less accumulated depreciation	<u>(7,752,208)</u>
<b>Net capital assets</b>	<b><u>9,400,082</u></b>
Long-term debt, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
<b>General long-term debt</b>	<b>(1,419,000)</b>
<b>Interest accrued but not yet paid on general long-term debt</b>	<b>(9,463)</b>
Certain revenue is deferred in governmental funds but not in the statement of net assets because it qualifies for recognition under the economic resources measurement focus.	
<b>Special assessments deferred in the funds but not in government-wide</b>	<b>28,769</b>
Internal service funds are used by management to charge the cost of certain activities. The current assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	
<b>Internal service fund net current assets and liabilities</b>	<b><u>(61,540)</u></b>
<b>Total Net Assets of Governmental Activities</b>	<b>\$ <u>10,101,018</u></b>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

June 30, 2006

**Net Change in Fund Balances - Total Governmental Funds** **\$ 382,933**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	1,302,479
Depreciation expense	<u>(351,279)</u>
Net	<u>951,200</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	121,000
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Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.

Accrued interest on long-term debt at end of period	885
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Governmental funds do not report deferred special assessments as revenue because these revenues are not available for current period expenses

Change in special assessments receivable deferred on funds statement	(5,741)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of these activities of internal service funds is reported with governmental funds.

Net revenue (expense) of certain activities of internal service funds	<u>31,913</u>
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Change in Net Assets of Governmental Activities	<u>\$1,482,190</u>
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The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
June 30, 2006

	Water Fund	Sewer Fund	Garbage Fund	Total	Internal Service Fund
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	-	293,891	-	293,891	-
Accounts receivable	\$ 319,671	1,896	-	321,566	-
Due from other funds	-	592,133	-	592,133	-
Other current assets	<u>28,799</u>	<u>4,645</u>	<u>-</u>	<u>33,444</u>	<u>1,168</u>
<b>Total current assets</b>	<b><u>348,469</u></b>	<b><u>892,565</u></b>	<b><u>-</u></b>	<b><u>1,241,035</u></b>	<b><u>1,168</u></b>
Non-current assets:					
Restricted cash and cash equivalents	405,635	14,955	-	420,590	-
Deferred bond issue costs	<u>3,798</u>	<u>8,937</u>	<u>-</u>	<u>12,734</u>	<u>-</u>
Capital assets:					
Not being depreciated	2,634,060	158,905	-	2,792,965	-
Net of accumulated depreciation	<u>5,286,864</u>	<u>2,778,003</u>	<u>-</u>	<u>8,064,867</u>	<u>1,014,557</u>
<b>Total non-current assets</b>	<b><u>8,330,358</u></b>	<b><u>2,960,800</u></b>	<b><u>-</u></b>	<b><u>11,291,157</u></b>	<b><u>1,014,557</u></b>
<b>Total assets</b>	<b><u>8,678,827</u></b>	<b><u>3,853,365</u></b>	<b><u>-</u></b>	<b><u>12,532,192</u></b>	<b><u>1,015,726</u></b>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	-	-	-	-	600
Due to other funds	590,502	-	1,631	592,133	55,311
Compensated absences	50,216	5,892	-	56,108	6,797
Customer security deposits	36,742	-	-	36,742	-
Accrued interest payable	21,445	2,821	-	24,266	-
Revenue bonds, current	<u>228,508</u>	<u>13,535</u>	<u>-</u>	<u>242,043</u>	<u>-</u>
<b>Total current liabilities</b>	<b><u>927,413</u></b>	<b><u>22,248</u></b>	<b><u>1,631</u></b>	<b><u>951,292</u></b>	<b><u>62,708</u></b>
Non-current liabilities:					
Revenue bonds, long-term	<u>2,617,613</u>	<u>584,990</u>	<u>-</u>	<u>3,202,603</u>	<u>-</u>
<b>Total non-current liabilities</b>	<b><u>2,617,613</u></b>	<b><u>584,990</u></b>	<b><u>-</u></b>	<b><u>3,202,603</u></b>	<b><u>-</u></b>
<b>Total liabilities</b>	<b><u>3,545,026</u></b>	<b><u>607,238</u></b>	<b><u>1,631</u></b>	<b><u>4,153,895</u></b>	<b><u>62,708</u></b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	5,074,804	2,338,383	-	7,413,187	1,014,557
Restricted for:					
Debt service	368,893	8,325	-	377,218	-
Unrestricted	<u>(309,896)</u>	<u>899,419</u>	<u>(1,631)</u>	<u>587,892</u>	<u>(61,540)</u>
<b>Total net assets</b>	<b><u>5,133,801</u></b>	<b><u>3,246,127</u></b>	<b><u>(1,631)</u></b>	<b><u>8,378,297</u></b>	<b><u>953,018</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$8,678,827</u></b>	<b><u>3,853,365</u></b>	<b><u>-</u></b>	<b><u>12,532,192</u></b>	<b><u>1,015,726</u></b>

The notes to the financial statements are an integral part of this statement.



Roosevelt City Corporation  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
June 30, 2006

	Water Fund	Sewer Fund	Garbage Fund	Total	Internal Service Fund
<b>Operating income:</b>					
Charges for services	\$1,342,832	483,823	527,938	2,354,593	379,760
Other operating income	<u>31,613</u>	<u>11,150</u>	<u>-</u>	<u>42,763</u>	<u>1,002</u>
<b>Total operating income</b>	<b><u>1,374,444</u></b>	<b><u>494,973</u></b>	<b><u>527,938</u></b>	<b><u>2,397,355</u></b>	<b><u>380,762</u></b>
<b>Operating expenses:</b>					
Personal services	518,978	109,702	-	628,679	70,632
Contractual services	-	-	506,087	506,087	-
Utilities	68,695	17,917	-	86,612	6,122
Repairs and maintenance	193,744	79,264	-	273,008	138,788
Other supplies and expenses	99,754	10,385	23,766	133,905	24,832
Depreciation expense	<u>263,787</u>	<u>110,040</u>	<u>-</u>	<u>373,828</u>	<u>108,475</u>
<b>Total operating expense</b>	<b><u>1,144,958</u></b>	<b><u>327,308</u></b>	<b><u>529,854</u></b>	<b><u>2,002,119</u></b>	<b><u>348,849</u></b>
<b>Net operating income (loss)</b>	<b><u>229,487</u></b>	<b><u>167,665</u></b>	<b><u>(1,915)</u></b>	<b><u>395,236</u></b>	<b><u>31,913</u></b>
<b>Non-operating income (expense):</b>					
Interest expense	(54,105)	(7,226)	-	(61,332)	-
Interest income	<u>24,397</u>	<u>3,442</u>	<u>-</u>	<u>27,839</u>	<u>-</u>
<b>Total non-operating income (expense)</b>	<b><u>(29,708)</u></b>	<b><u>(3,784)</u></b>	<b><u>-</u></b>	<b><u>(33,492)</u></b>	<b><u>-</u></b>
<b>Income (loss) before contributions and transfers</b>	<b>199,778</b>	<b>163,881</b>	<b>(1,915)</b>	<b>361,744</b>	<b>31,913</b>
<b>Contributions and transfers:</b>					
Grant income	202,962	171,296	-	374,258	-
Transfers in	44,400	-	-	44,400	-
Transfers out	<u>(87,000)</u>	<u>(129,400)</u>	<u>-</u>	<u>(216,400)</u>	<u>-</u>
<b>Total contributions and transfers</b>	<b><u>160,362</u></b>	<b><u>41,896</u></b>	<b><u>-</u></b>	<b><u>202,258</u></b>	<b><u>-</u></b>
<b>Change in net assets</b>	<b>360,140</b>	<b>205,777</b>	<b>(1,915)</b>	<b>564,002</b>	<b>31,913</b>
<b>Net assets, beginning</b>	<b><u>4,773,661</u></b>	<b><u>3,040,350</u></b>	<b><u>284</u></b>	<b><u>7,814,295</u></b>	<b><u>921,105</u></b>
<b>Net assets, ending</b>	<b><u>\$5,133,802</u></b>	<b><u>3,246,127</u></b>	<b><u>(1,631)</u></b>	<b><u>8,378,297</u></b>	<b><u>953,018</u></b>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**STATEMENT OF CASH FLOWS**  
For the year ending June 30, 2006

	Water Fund	Sewer Fund	Garbage Fund	Total	Internal Service Fund
<b>Cash flows from operating activities:</b>					
Cash received from customers - service	\$1,292,359	494,079	527,938	2,314,376	380,762
Cash paid to suppliers	(362,192)	(107,566)	(529,854)	(999,612)	(169,142)
Cash paid to employees	(515,967)	(107,252)	_____	(623,220)	(68,529)
<b>Net cash provided (used) in operating activities</b>	<b><u>414,199</u></b>	<b><u>279,261</u></b>	<b><u>(1,915)</u></b>	<b><u>691,544</u></b>	<b><u>143,091</u></b>
<b>Cash flows from noncapital financing activities:</b>					
Change in customer deposits	3,258	-	-	3,258	-
Net interfund activity	<u>547,902</u>	<u>(721,533)</u>	<u>1,631</u>	<u>(172,000)</u>	<u>55,311</u>
<b>Net cash provided (used) in noncapital financing activities</b>	<b><u>551,160</u></b>	<b><u>(721,533)</u></b>	<b><u>1,631</u></b>	<b><u>(168,742)</u></b>	<b><u>55,311</u></b>
<b>Cash flows from capital and related financing activities:</b>					
Cash received from bond issues	970,000	454,000	-	1,424,000	-
Cash received from capital grants	202,962	171,296	-	374,258	-
Cash payments for capital assets	(1,262,395)	(834,989)	-	(2,097,385)	(201,745)
Cash payments for long-term debt	(185,395)	(1,465)	-	(186,860)	-
Cash payments for long-term debt interest	<u>(60,140)</u>	<u>(16,232)</u>	_____	<u>(76,372)</u>	_____
<b>Net cash provided (used) in capital and related financing activities</b>	<b><u>(334,969)</u></b>	<b><u>(227,390)</u></b>	<b><u>_____</u></b>	<b><u>(562,359)</u></b>	<b><u>(201,745)</u></b>
<b>Cash flows from investing activities:</b>					
Cash received from interest earned	<u>24,397</u>	<u>3,442</u>	_____	<u>27,839</u>	_____
<b>Net cash provided (used) in investing activities</b>	<b><u>24,397</u></b>	<b><u>3,442</u></b>	<b><u>_____</u></b>	<b><u>27,839</u></b>	<b><u>_____</u></b>
<b>Net increase (decrease) in cash</b>	<b>654,787</b>	<b>(666,220)</b>	<b>(284)</b>	<b>(11,718)</b>	<b>(3,343)</b>
Cash balance, beginning	<u>(249,151)</u>	<u>975,066</u>	<u>284</u>	<u>726,199</u>	<u>3,343</u>
<b>Cash balance, ending</b>	<b><u>\$ 405,635</u></b>	<b><u>308,846</u></b>	<b><u>_____</u></b>	<b><u>714,481</u></b>	<b><u>_____</u></b>
<b>Cash reported on the balance sheet:</b>					
Cash and cash equivalents	-	293,891	-	293,891	-
Non-current restricted cash	<u>405,635</u>	<u>14,955</u>	_____	<u>420,590</u>	_____
<b>Total cash and cash equivalents</b>	<b><u>\$ 405,635</u></b>	<b><u>308,846</u></b>	<b><u>_____</u></b>	<b><u>714,481</u></b>	<b><u>_____</u></b>

Continued on next page

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**STATEMENT OF CASH FLOWS, continued**  
For the year ended June 30, 2006

**Reconciliation of Operating Income  
to Net Cash Provided from Operating Activity:**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Net operating income (expense)</b>	<b>\$229,487</b>	<b>167,665</b>	<b>(1,915)</b>	<b>395,236</b>	<b>31,913</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	263,787	110,040	-	373,828	108,475
Changes in assets and liabilities:					
(Increase) decrease in receivables	(82,086)	(894)	-	(82,979)	-
Increase (decrease) in payables	<u>3,011</u>	<u>2,449</u>	<u>-</u>	<u>5,460</u>	<u>2,703</u>
<b>Net cash provided in operating activity</b>	<b><u>\$414,199</u></b>	<b><u>279,261</u></b>	<b><u>(1,915)</u></b>	<b><u>691,544</u></b>	<b><u>143,091</u></b>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Roosevelt City Corporation, (the City), a municipal corporation located in Roosevelt, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

**Redevelopment Agency** - The City's Redevelopment Agency uses tax financing to support redevelopment projects within the City. The Agency's governing body is the same as the City's, therefore the financial data for the Agency is included in the reporting entity using the blended method.

**1-B. Government-wide and fund financial statements**

*Government-wide Financial Statements*

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**1-C. Measurement focus, basis of accounting and financial statement presentation**

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**1-C. Measurement focus, basis of accounting, and financial statement presentation**  
(continued)

*Policy regarding use of restricted resources*

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

**1-D. Fund types and major funds**

*Governmental funds*

**The City reports the following major governmental funds:**

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Programs included in the General Government function of the general fund are council, court, administrative, government buildings, and planning and zoning. In the Public Safety function are police, fire, and animal control programs. In the Highways and Public Improvements function are streets, sanitation, and airport programs. In the Parks, Recreation, and Public Property function are cemetery, parks, swimming pool, golf course, and recreation. Capital outlays and debt service are budgeted within departments (programs), but are reported as separate functions.

The *capital projects fund* accounts for capital projects and overhead that can be submitted to grantors for reimbursement.

**The City reports the following as non-major governmental funds:**

The *debt service fund* accounts for the payment of general long-term debt of the government. The *redevelopment agency fund* accounts for revenues and expenditures of the redevelopment agency.

*Proprietary funds*

**The City reports the following major proprietary funds:**

The *water fund* is used to account for the activities of the culinary water distribution.

The *sewer fund* is used to account for the operations of the sewer system.

The *garbage fund* is used to account for the operations of the garbage system.

The *internal service fund* is used to account for the financing of vehicles, and equipment and maintenance services provided to other departments of the city. Internal service fund activity is eliminated in the government-wide financial statement of activity by allocating the change in net assets to the governmental functions using the services of the fund.

**1-E. Assets, Liabilities, and Net Assets or Equity**

**1-E-1. Deposit and Investments**

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**1-E. Assets, Liabilities, and Net Assets or Equity (continued)**

**1-E-2. Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**1-E-3. Receivables and Payables**

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to* or *due from other funds*.

Property taxes are assessed and collected for the City by Duchesne County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**1-E-4. Restricted Assets**

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

**1-E-5. Inventories and Prepaid items**

Inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**1-E. Assets, Liabilities, and Net Assets or Equity (continued)**

**1-E-6. Capital Assets**

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	40
Improvements	15
Water system	40
Sewer system	50
Infrastructure	25
Vehicles and equipment	5-10

**1-E-7. Long-term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Significant or material bond issuance costs are reported as deferred charges.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.



Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**1-E. Assets, Liabilities, and Net Assets or Equity (continued)**

**1-E-8. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation of legally restricted for specified purposes. The General Fund reserve for restricted purposes includes fund balance/net assets resulting from Class C road allotments restricted for eligible road maintenance. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**2-B. Deficit fund net assets**

The Redevelopment fund has a deficit at year-end of \$16,000 compared to last year's deficit balance of \$40,361. The sanitation fund has a deficit at year-end of \$1,631 compared to last year's balance of \$284.

At June 30, 2006, the water fund has positive net assets of \$5,133,801, however, it has a deficit balance of \$309,896 in its unrestricted net assets.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2006 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 3,903
Demand deposits - checking	125,109
Bond reserve bank trust accounts	726,074
Investments - PTIF	<u>2,001,126</u>
<b>Total cash and investments</b>	<b><u>\$2,856,212</u></b>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Cash and cash equivalents (current)	\$1,772,469
Restricted cash and cash equivalents (non-current)	<u>1,083,743</u>
<b>Total cash and cash equivalents</b>	<b><u>\$2,856,212</u></b>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. Maturity for PTIF investments is less than one year, and the balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-A. Deposits and investments (continued)**

**Deposit and Investment Risk**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addresses each of these risks.

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the Town are available immediately.

**Credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2006, \$200,000 of the City's demand and savings deposits is covered by FDIC insurance; \$651,183 is uninsured and uncollateralized; \$2,001,126 is deposited in PTIF accounts.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. Accounts not expected to be collected within one year are captioned as non-current receivables. Receivables as of year end for the City's funds are shown below:

	General <u>Fund</u>	Other Government <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Property taxes	\$487,263	35,000	-	522,263
Intergovernmental	389,699	-	-	389,699
Customers, current	89,182	-	321,566	410,749
Special assessments, non-current	<u>23,127</u>	-	-	<u>23,127</u>
<b>Total receivables</b>	<b><u>\$989,271</u></b>	<b><u>35,000</u></b>	<b><u>321,566</u></b>	<b><u>1,345,837</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and rights	\$ 476,389	-	-	476,389
Construction in progress	<u>897,312</u>	<u>273,248</u>	-	<u>1,170,559</u>
<b>Total capital assets, not being depreciated</b>	<b><u>1,373,701</u></b>	<b><u>273,248</u></b>	<b>-</b>	<b><u>1,646,949</u></b>
Capital assets, being depreciated:				
Buildings	3,574,353	65,289	-	3,639,643
Improvements other than buildings	3,233,539	101,861	-	3,335,400
Machinery and equipment	1,908,490	463,729	145,348	2,226,871
Infrastructure	<u>5,589,250</u>	<u>714,177</u>	-	<u>6,303,427</u>
<b>Total capital assets, being depreciated</b>	<b><u>14,305,633</u></b>	<b><u>1,345,056</u></b>	<b><u>145,348</u></b>	<b><u>15,505,341</u></b>
Less accumulated depreciation for:				
Buildings	1,093,844	89,823	-	1,183,667
Improvements other than buildings	1,442,469	94,219	-	1,536,688
Machinery and equipment	954,785	115,171	31,268	1,038,688
Infrastructure	<u>3,832,624</u>	<u>160,541</u>	-	<u>3,993,165</u>
<b>Total accumulated depreciation</b>	<b><u>7,323,722</u></b>	<b><u>459,754</u></b>	<b><u>31,268</u></b>	<b><u>7,752,208</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>6,981,911</u></b>	<b><u>885,302</u></b>	<b><u>114,080</u></b>	<b><u>7,753,133</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$8,355,612</u></b>	<b><u>1,158,550</u></b>	<b><u>114,080</u></b>	<b><u>9,400,082</u></b>

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

<b>Governmental Activities:</b>	
General government	\$ 26,715
Public safety	30,917
Highways and public improvements	165,126
Parks, recreation and public property	128,521
Capital assets held by the internal service fund are charged to the various functions based on their usage of the assets	<u>108,475</u>
<b>Total</b>	<b><u>\$459,754</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-C. Capital assets, continued**

Capital asset activity for business-type activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water shares	\$1,409,807	-	-	1,409,807
Construction in progress	<u>249,020</u>	<u>1,197,918</u>	-	<u>1,446,939</u>
<b>Total capital assets, not being depreciated</b>	<b><u>1,658,827</u></b>	<b><u>1,197,918</u></b>	<b>-</b>	<b><u>2,856,745</u></b>
Capital assets, being depreciated:				
Water system	10,327,401	-	-	10,327,401
Sewer system	4,464,237	899,466	-	5,363,703
Garbage				
<b>Total capital assets being depreciated</b>	<b><u>14,791,638</u></b>	<b><u>899,466</u></b>	<b>-</b>	<b><u>15,691,104</u></b>
Less accumulated depreciation for:				
Water system	4,840,529	263,787	-	5,104,316
Sewer system	2,475,660	110,040	-	2,585,700
Garbage				
<b>Total accumulated depreciation</b>	<b><u>7,316,189</u></b>	<b><u>373,828</u></b>	<b>-</b>	<b><u>7,690,016</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>7,475,449</u></b>	<b><u>525,639</u></b>	<b>-</b>	<b><u>8,001,087</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$9,134,276</u></b>	<b><u>1,723,557</u></b>	<b>-</b>	<b><u>10,857,833</u></b>

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

<b>Business-Type Activities:</b>	
Water	\$263,787
Sewer	<u>110,040</u>
<b>Total</b>	<b><u>\$373,828</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-D. Long-term debt**

Long-term debt activity for the year was as follows:

	<u>Original Principal</u>	<u>% Rate</u>	<u>6/30/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2006</u>	<u>Due Within One Year</u>
<b><u>Governmental activities:</u></b>							
City Complex 1992A	\$1,000,000	3.50	\$ 584,000	-	50,000	534,000	52,000
City Complex 1992B	500,000	-	225,000	-	25,000	200,000	25,000
Back-Nine 1992	125,000	3.00	71,000	-	6,000	65,000	6,000
Golf Clubhouse 2001	500,000	-	480,000	-	20,000	460,000	20,000
Main Street 2004	200,000	-	<u>180,000</u>	<u>-</u>	<u>20,000</u>	<u>160,000</u>	<u>20,000</u>
<b>Total governmental activity long-term liabilities</b>			<b><u>\$1,540,000</u></b>	<b><u>-</u></b>	<b><u>121,000</u></b>	<b><u>1,419,000</u></b>	<b><u>123,000</u></b>

All bonds are revenue bonds. The City Complex and Golf related bonds are secured by the revenues of the assets constructed by the bond proceeds; rentals of the city complex, golf activity revenues for the golf clubhouse and back-nine. The Main Street bonds are secured by Class C Road monies.

Revenue bond debt service requirements to maturity for governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 123,000	20,640	143,640
2008	126,000	18,640	144,640
2009	128,000	16,540	144,540
2010	129,000	14,370	143,370
2011	130,000	12,165	142,165
2012-2016	523,000	25,225	548,225
2017-2021	100,000	0	100,000
2022-2026	100,000	0	100,000
2027-2031	<u>60,000</u>	<u>0</u>	<u>60,000</u>
<b>Total</b>	<b><u>\$1,419,000</u></b>	<b><u>107,580</u></b>	<b><u>1,526,580</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-D. Long-term debt (continued)**

	Original Principal Rate	% 6/30/2005	Additions	Reductions	6/30/2006	Due Within One Year	
<b><u>Business-type activities:</u></b>							
Water fund:							
Water & Sewer 1994D	\$1,278,020	2.50	\$ 498,516	-	91,395	407,121	95,508
Water & Sewer 1994E	143,000	-	46,000	-	9,000	37,000	9,000
Water & Sewer 1994F	85,000	-	30,000	-	6,000	24,000	6,000
Water & Sewer 1999A	700,000	2.50	651,000	-	34,000	617,000	34,000
Water & Sewer 1999B	225,000	1.28	175,000	-	11,000	164,000	11,000
Water & Sewer 2000	711,000	2.50	595,000	-	31,000	564,000	32,000
Water & Sewer 2000A	75,000	2.29	66,000	-	3,000	63,000	3,000
Water & Sewer 2005A	970,000	-	-	970,000	-	970,000	38,000
Sewer fund:							
Sewer Southwest 2002	150,000	4.75	145,990	-	1,465	144,525	1,535
Water & Sewer 2005B	300,000	-	-	300,000	-	300,000	12,000
Water & Sewer 2006	154,000	-	-	<u>154,000</u>	-	<u>154,000</u>	-
<b>Total business-type activity</b>							
<b>long-term liabilities</b>			<b><u>\$2,207,506</u></b>	<b><u>1,424,000</u></b>	<b><u>186,860</u></b>	<b><u>3,444,646</u></b>	<b><u>242,043</u></b>

All bonds are revenue bonds secured by the revenues of the respective water or sewer systems.

Revenue bond debt service requirements to maturity for business-type activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 242,043	50,110	292,153
2008	253,414	45,789	299,203
2009	259,981	41,334	301,315
2010	267,274	36,712	303,986
2011	145,848	31,933	177,781
2012-2016	767,644	126,347	893,991
2017-2021	811,423	66,052	877,475
2022-2026	306,929	25,186	332,115
2027-2031	306,350	20,650	327,000
2032-2036	36,926	15,074	52,000
2037-2041	33,958	8,042	42,000
2042-2046	<u>12,856</u>	<u>852</u>	<u>13,708</u>
<b>Total</b>	<b><u>\$3,444,646</u></b>	<b><u>468,081</u></b>	<b><u>3,912,727</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-E. Restricted assets**

Certain amounts have been restricted as to usage, generally for debt service, and construction and acquisition of capital assets. Reservations of net assets have been made in similar amounts unless the amount represents a liability of the City. A list of restricted assets follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Customer security deposits	-	36,742	36,742
Class C Roads	\$136,054	-	136,054
Capital projects	331,379	-	331,379
Debt service	<u>132,604</u>	<u>377,218</u>	<u>509,822</u>
<b>Total restricted assets</b>	<b><u>\$600,037</u></b>	<b><u>413,960</u></b>	<b><u>1,013,997</u></b>

**3-F. Interfund receivables, payables, and transfers**

Due to/from other funds:

	<u>Receivable Funds:</u>		
	<u>General</u>	<u>Sewer</u>	<u>Total</u>
<b><u>Payable Funds:</u></b>			
Redevelopment agency	\$16,000	-	16,000
Internal service	55,311	-	55,311
Water	-	590,502	590,502
Garbage	-	<u>1,631</u>	<u>1,631</u>
<b>Total</b>	<b><u>\$71,311</u></b>	<b><u>592,133</u></b>	<b><u>663,444</u></b>

Amounts represent the result of transactions occurring between funds that are representative of lending/borrowing arrangements due to overdrafts in the payable funds.

Interfund transfers:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Transfer In:</u>		<u>Water Fund</u>	<u>Total</u>
			<u>Debt Service</u>			
<b><u>Transfer out:</u></b>						
General	-	247,465	-	-	-	247,465
Water	\$ 87,000	-	-	-	-	87,000
Sewer	<u>15,000</u>	-	<u>70,000</u>	<u>44,400</u>	<u>129,400</u>	
<b>Total</b>	<b><u>\$102,000</u></b>	<b><u>247,465</u></b>	<b><u>70,000</u></b>	<b><u>44,400</u></b>	<b><u>463,865</u></b>	

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.



Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**3-G. Redevelopment Agency Information**

The following information relates to the redevelopment agency:

- (a) the tax increment collected by the agency for each project area. The agency received \$35,000 in taxes, collected for the agency by Duchesne County.
- (b) the amount of tax increment paid to any taxing agency. No taxes were paid by the agency to any other agency.
- (c) the outstanding principal amount for bonds issued or other loans incurred to finance the costs associated with the project areas. None.
- (d) the actual amount expended for:
  - (i) acquisition of property \$0
  - (ii) site improvement of preparation costs \$0
  - (iii) installation of public utilities or other public improvements \$0
  - (iv) administrative costs of the agency \$10,639

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**4-B. Employee pension and other benefit plans**

**Plan Description:**

The City contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System) and Public Safety Retirement System (Public Safety System) for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**4-B. Employee pension and other benefit plans (continued)**

**Funding Policy:**

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective system to which they belong; 11.09% to the Contributory, 5.88% to the Public Safety Contributory System, respectively. The City is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory, 11.09% to the Public Safety Contributory, and 19.34% to the Public Safety Noncontributory Systems. The contribution rate is the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ending June 30, 2006, 2005 and 2004 respectively were: for the Noncontributory System, \$88,981, \$74,537, and \$59,785, for the Public Safety Contributory, \$5,395, \$7,606, and \$5,809, for the Public Safety Noncontributory \$55,987, \$50,886, and \$42,255, respectively. The contributions were equal to the required contributions for each year.

**IRC Code Section 401k Plan:**

The City participates in a 401k plan offered through the Utah State Retirement Systems. The City's contribution for the year ended June 30, 2006, based on 22.38% of eligible wages, amounted to \$5,305.

**REQUIRED SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

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Roosevelt City Corporation  
**Notes to Required Supplementary Information**  
June 30, 2006

**Budgetary Comparison Schedules**

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund. The City has no major special revenue fund requiring budget comparison schedules.

**Budgeting and Budgetary Control**

Budgets for the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2006, spending for all funds and departments of the City was within the approved budgets.

Roosevelt City Corporation  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -BUDGET AND ACTUAL-GENERAL FUND**  
 (Unaudited)  
 For the Year Ended June 30, 2006

	Budgeted <u>Original</u>	Budgeted <u>Final</u>	<u>Actual</u>	Variance with Final Budget <u>Under (Over)</u>
<b>Revenues</b>				
Taxes	\$1,907,146	2,570,946	2,776,032	(205,086)
Licenses and permits	69,000	86,000	98,870	(12,870)
Intergovernmental revenues	207,100	209,100	201,184	7,916
Charges for services	399,300	446,300	516,731	(70,431)
Fines and forfeitures	60,000	60,000	78,173	(18,173)
Interest	10,000	20,000	59,286	(39,286)
Miscellaneous revenue	17,996	26,300	58,905	(32,605)
<b>Total revenues</b>	<b><u>2,670,542</u></b>	<b><u>3,418,646</u></b>	<b><u>3,789,180</u></b>	<b><u>(370,534)</u></b>
<b>Expenditures</b>				
General government	547,610	681,210	590,905	90,305
Public safety	960,750	1,175,200	1,135,994	39,206
Highways and public improvements	531,540	592,840	544,889	47,951
Parks, recreation and public property	738,450	1,126,850	1,074,093	52,757
Debt service:				
Principal	—	40,000	40,000	—
<b>Total expenditures</b>	<b><u>2,778,350</u></b>	<b><u>3,616,100</u></b>	<b><u>3,385,881</u></b>	<b><u>230,219</u></b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b><u>(107,808)</u></b>	<b><u>(197,454)</u></b>	<b><u>403,299</u></b>	<b><u>(600,753)</u></b>
<b>Other Financing Sources and (Uses)</b>				
Transfers in	100,954	100,954	102,000	(1,046)
Transfers (out)	(77,000)	(247,465)	(247,465)	—
<b>Total other financing sources and (uses)</b>	<b><u>23,954</u></b>	<b><u>(146,511)</u></b>	<b><u>(145,465)</u></b>	<b><u>(1,046)</u></b>
<b>Net Change in Fund Balances</b>	<b><u>\$(83,854)</u></b>	<b><u>(343,965)</u></b>	<b><u>257,834</u></b>	<b><u>(601,799)</u></b>
Fund balances - beginning of year			1,273,546	
<b>Fund Balances - end of year</b>			<b><u>\$1,531,380</u></b>	

**SUPPLEMENTAL INFORMATION**

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Roosevelt City Corporation  
**Supplementary Information**  
June 30, 2006

**Insurance Coverage**

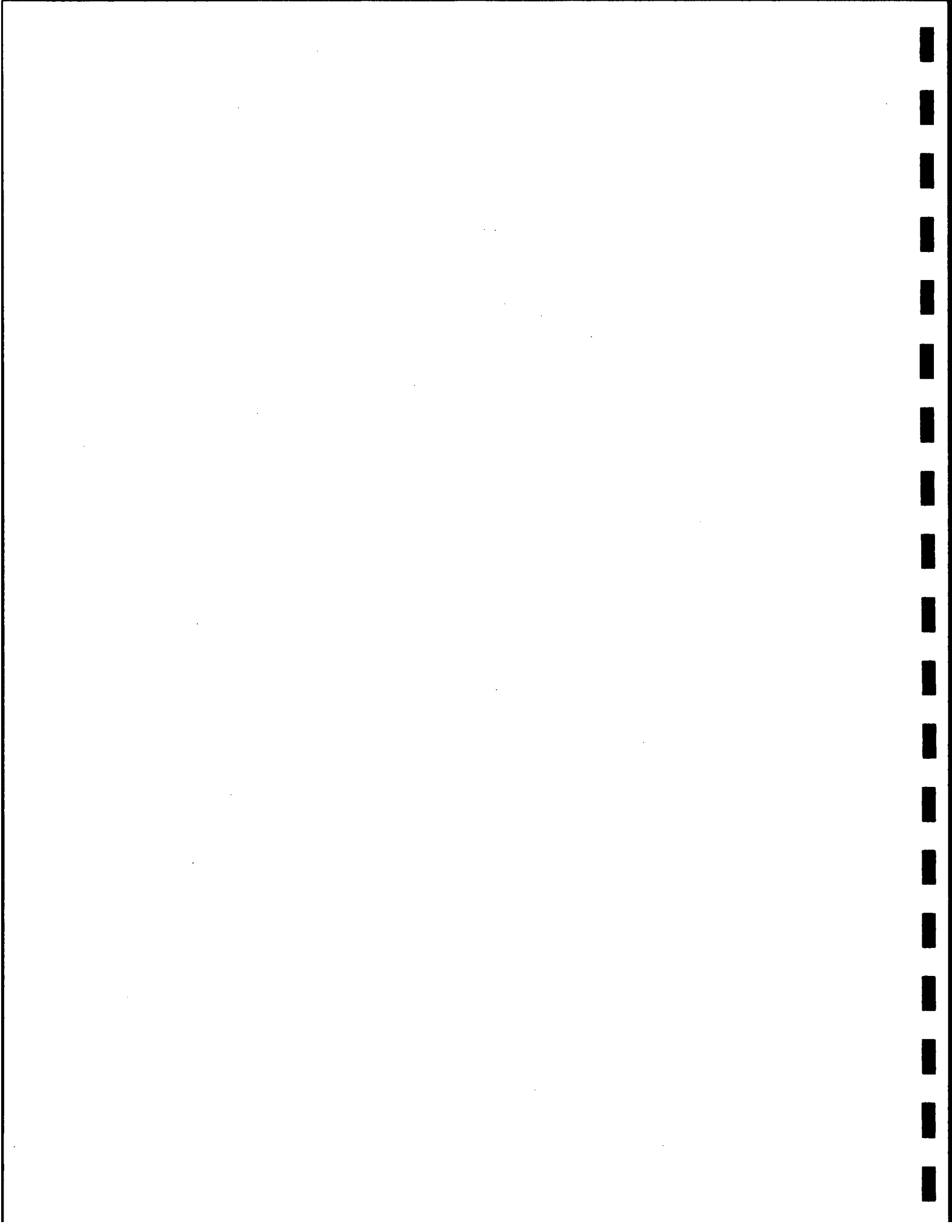
This information is required by one of the City's bondholders to be included in the notes to the financial statements. It is not otherwise a required item for disclosure.

The City was insured for theft, fire, and inland marine by the Utah Local Government trust and U.S Fidelity and Guarantee, as of June 30, 2006. General Liability and Auto was also carried by the Utah Local Government Trust. Eagle Insurance Co. carried the liability on the City airport as of June 30, 2006. The City Employees were insured for health and life with PEHP with the Utah Local Government Trust as agent Employee life insurance was also carried with Beneficial Life of Salt Lake City, Utah. Workman's Compensation Insurance was carried with the Utah Local Government Trust. Employee insurance premiums are currently expensed in the appropriate funds, the proration being based on employee monthly gross salaries expensed in each fund. The following is a summary of the relevant coverages at June 30, 2006:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Policy #3F-685-686-01 Position (Treasurer) Fidelity Bond (Exp.3/26/07)	\$ 226,000	
Policy #3F-685-727-02 Blanket Fidelity Bond (Exp.3/26/07)	40,000	
TGL-051 Comprehensive General Liability-Public Entity (Exp.6/30/06)	2,000,000	1,000
TGL-051 Auto Liability (Exp.6/30/06)	1,000,000	1,000
USF&G #9CP111521127200 Property (Building/Contents) (Exp.6/30/06) 90% co-insurance	3,694,081	1,000
USF&G #9CP111521127200 Property (Maintenance equipment) (Exp.6/30/06) Scheduled AMT ACV	256,605	1,000
USF&G #9CP111521127200 Property (Irrigation equipment) (Exp.6/30/06) Scheduled AMT ACV	191,400	1,000
USF&G #9CP111521127200 Property (Computers) (Exp.6/30/06) Scheduled AMT ACV	47,000	5,000
Unigard #BA6000335 Auto Physical Damage (Exp.6/30/06) ACV Comp/Collision 500/1,000*		
American Eagle #663-GLA-43-33572-Airport Operations (Exp.10/31/06)	1,000,000	
American Eagle #663-GLA-43-33572-Sale Aviation Fuel/Oil (Exp.10/31/06) Sale @ 30,575		
American Eagle #663-GLA-43-33572-Hangerkeepers (Exp.10/31/06): (One Aircraft)	50,000	1,000
(One Occurrence)	250,000	1,000

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**COMPLIANCE REPORTS**





**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

Members of  
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OF CERTIFIED PUBLIC ACCOUNTANTS  
and  
UTAH ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance With Government Auditing Standards**

City Council  
Roosevelt, Utah

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2006, and have issued our report thereon dated February 22, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that is required to be reported under Government Auditing Standards. These instances are described in a compliance findings letter following this report as 2006-1, 2006-2, and 2006-3.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Example Entity's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Example Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. Please see 2006-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Report Distribution

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aycock, Miles & Associates, CPAs

February 22, 2007



**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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and  
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**Utah State Compliance Report**

City Council  
Roosevelt, Utah

We have audited the general purpose financial statements of Roosevelt City, Utah, for the year ended June 30, 2006, and have issued our report thereon dated February 22, 2007. Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Purchasing Requirements  
Property Tax

Cash Management  
Budgetary Compliance  
Other Compliance Requirements

As part of our audit, we have audited Roosevelt City's compliance with the requirements governing types of services allowed or disallowed; eligibility; matching; level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended June 30, 2006. The City did not receive any major State assistance programs from the State of Utah.

The management of Roosevelt City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed three instances of noncompliance. Please refer to the compliance findings letter following this report.

In our opinion, the Roosevelt City, Utah, complied, in all material respects, with the general and major compliance requirements identified above for the year ended June 30, 2006.

*Aycock, Miles & Associates, CPAs*

February 22, 2007

## Compliance Findings and Recommendations

### 2006-1 Compliance Finding

The City has not implemented an impact fee according to Utah State Code Section 11-36-102 despite an apparent impact fee currently being charged to utility customers that reside outside Roosevelt City's boundaries. For example, a ¾ inch residential water connection is \$1,500 inside City limits and \$3,500 outside City limits.

#### Criteria

Utah State Code Section 11-36-102 (6) requires that hook up fees to make connections to water lines must not exceed the approximate average costs of the services provided to make the connection. Roosevelt City charges two very different connections fees for inside or outside the City's boundaries; however, the costs of the services to provide the connections are similar. Therefore, an apparent impact fee is being charged without the necessary impact fee study, public hearing, and impact fee enactment requirements.

#### Effect

An impact fee study and fee enactment by location or service area is required.

#### Recommendation

We recommend that the City Council obtain a written impact fee analysis by service area, hold an impact fee public hearing, and enact an impact fee by resolution.

#### Town Response

The City agrees with auditor recommendations. The City has requested an engineering firm to begin an impact fee study. The City feels that costs of the water system's infrastructure is much higher per connection and justifies an impact fee greater than fees charged to those customers inside City boundaries.

### 2006-2 Compliance Finding

The Garbage Fund is in a deficit balance.

#### Criteria

Utah State law indicates that a deficit in any fund is illegal. Please see Utah Code 17-36-17(1); 10-6-117(1); 10-5-114; 17a-1-416(1)).

#### Effect

A deficit fund balance.

#### Recommendation

We recommend that the Garbage Fund receive additional funding to alleviate its deficit balance.

#### Town Response

The City will transfer funds as needed to the Garbage Fund.



2006-3 Compliance Finding

The General Fund unreserved fund balance exceeded the 18% of revenue limitation as set forth by Utah State Law.

Criteria

Utah State law requires general fund balances to be held below certain thresholds.

Effect

A fund balance that exceeds Utah State limits.

Recommendation

We recommend that the General Fund budget and complete an operating transfer to the Capital Projects Fund in order to fund its capital outlay through that fund instead of the General Fund.

Town Response

The City will transfer funds as needed to the Capital Projects Fund.

2006-4 Internal Control Immaterial Weakness

During auditor testing of expenditures, we noted that a small number of cash disbursements did not follow City purchasing policy and other generally accepted accounting guidelines. Please note that the following concerns were each found in a small number of disbursements: invoice dates did not agree with the general ledger posting periods, account classifications were incorrect, purchase order dates were after invoice dates (purchases made and then purchase orders were completed), and checks were not approved by City Manager or City Council as required by City purchasing policy.

Criteria

A small number of disbursements were posted to the incorrect expense accounts and some disbursements of City funds were not approved appropriately or approved after the purchase.

Effect

Financial statements are misstated if expenditures are classified to the wrong account. Expenditures may be unnecessary without appropriate management review and approval through the City's purchasing policy.

Recommendation

We recommend that the City align itself with its purchasing policy and enact certain procedures to improve compliance.

Town Response

We believe that it is very important to safeguard the City's assets. The City will investigate ways to improve, modify its purchasing policy, if necessary, and educate City employees of the City's purchasing policies.



## Roosevelt City Corporation

255 South State Street (36-8)  
Roosevelt, Utah 84066

DATE: 5/3/07

RE: **Roosevelt City Corrective Action Plan, 2005-2006 Fiscal Year Audit**

Utah State Auditors Office  
East Office Building, Suite E310  
PO Box 142310  
SLC, Utah 84114-2310

Mr. MacRay A. Curtis,

I am writing this letter in response to your request for an action plan to address noncompliance issues from the 2005-2006 fiscal year audit for Roosevelt City (The City). I will address the compliance findings in the order they were reported by our auditor.

**2006-1, Finding, The City has not implemented an impact fee. The City agrees with the finding. Corrective action, The City has contracted with Horrocks Engineers to perform an impact fee study. The study is in progress with an expected completion date of July 1, 2007. The contact for this project is the City Manager, Brad Hancock. He can be reached at 435.722.5001.**

**2006-2, Finding, The City Garbage Fund is in deficit balance. The City agrees with the finding. Corrective action, The City has already addressed this issue. A transfer has been made to alleviate the deficit. All actions are complete for this finding. The contact for this finding is the City Finance Director, Justin Johnson. He can be reached at 435.722.5001.**

**2006-3, Finding, The City General Fund unreserved balance exceeds the 18% maximum. The City agrees with the finding. Corrective action, The Finance Director has addressed City Council about this issue. A transfer will be made to the capital projects fund during the 2006-2007 budget re-opener, expected completion date June 30, 2007. The contact for this finding is the City Finance Director, Justin Johnson. He can be reached at 435.722.5001.**

**2006-4, Finding, Several immaterial disbursements did not follow The City policy. The City agrees with the finding. Corrective action, The Finance Director met with all parties responsible for PO's, approvals, and disbursements and reviewed The City policy, completion date March 28, 2007. The Finance Director will work closely with the A/P clerk to ensure compliance in the future, ongoing. The contact for this finding is the City Finance Director, Justin Johnson. He can be reached at 435.722.5001.**

Thanks,

Justin Johnson  
Roosevelt City Finance Director  
Office: 435.722.5001  
[jjohnson@rooseveltcity.com](mailto:jjohnson@rooseveltcity.com)